

# **EBONYI STATE OF NIGERIA**

## **REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF EBONYI STATE OF NIGERIA FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2017**

**TO**

**EBONYI STATE HOUSE OF ASSEMBLY**

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## **Annexure**

Accountant-General's Annual Financial Statements for the year ended 31<sup>st</sup> December, 2017.

## **CHAPTER ONE**

### **2.0. INTRODUCTION**

The Accounts of the Government of Ebonyi State of Nigeria for the year ended 31<sup>st</sup> December, 2017 have been audited under my direction in accordance with Section 125 Sub-Section 2 of the Constitution of the Federal Republic of Nigeria.

#### **1.1 RESPONSIBILITY OF THE ACCOUNTANT-GENERAL**

In accordance with the provisions of Financial Instruction, the Accountant-General is responsible for the preparation of Financial Statements. The Accountant-General is the Chief Accounting Officer of the receipts and payment of Government of Ebonyi State. He is responsible for the general supervision of accounting activities in all Ministries and Departments within the State and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law. In doing this, he also has responsibilities for:

- Ensuring that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy the financial position of the State.
- Taking such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities.
- Ensuring that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

## **1.2 RESPONSIBILITY OF THE AUDITOR-GENERAL**

The Auditor-General's responsibility is to express an independent opinion on the Financial Statements based on his audit in compliance with Section 125 Sub-Section 2 of the Constitution of the Federal Republic of Nigeria 1999, as amended.

Financial Instruction Section 102 also states that "The Auditor-General is responsible for the audit of accounts of all accounting Officers and all persons entrusted with the collection, receipt, custody and issue or payment of public moneys or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other Government property and for the certification of Accountant-General's Annual Financial Statements and annual appropriation Accounts of all Ministries and Departments".

An Audit in this context involves the examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements prepared by the Accountant-General. It also includes an assessment of the significant estimates and judgments made in the preparation of the Financial Statements and whether the accounting policies are appropriate to Government circumstances, consistently applied and adequately disclosed.

### **1.3 AUDIT CERTIFICATE**

#### **RESPECTIVE RESPONSIBILITIES OF THE ACCOUNTANT GENERAL AND THE AUDITOR-GENERAL**

In accordance with the existing law, the Accountant General is responsible for the preparation of the Financial Statements, which he did on Accrual Accounting Basis while it is my responsibility as the Auditor-General of the State to form an independent opinion based on my audit of those Statements.

#### **II BASIS OF OPINION**

In compliance with Section 125 (2) of the Constitution of the Federal Republic of Nigeria 1999, as amended, I have examined the Accounts and Financial Statements of Ebonyi State Government of Nigeria for the year ended 31<sup>st</sup> December, 2017. The audit was conducted in accordance with the National and International Standards on Public Sector Auditing. An Audit includes examination on test basis of evidence to the figures disclosed in the Financial Statements. The audit was planned and performed to obtain information and explanations considered adequate in order to provide sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement.

#### **III OPINION**

In my opinion, the Statements give a true and fair view of the financial transactions of the State for the period and financial position as at 31<sup>st</sup> December, 2017.



**Sir I. N. Nweda**  
Auditor-General

**OFFICE OF THE STATE AUDITOR-GENERAL,  
P.M.B. 034,  
ABAKALIKI.  
2<sup>ND</sup> OCTOBER, 2018.**

## CHAPTER TWO

### 3.0 GENERAL OBSERVATIONS

#### 2.1 SUBMISSION OF THE 2017 FINANCIAL STATEMENTS

In accordance with the provisions of the Constitution of the Federal Republic of Nigeria, 1999, as amended, the Report of the Accountant General with the Financial Statements for the year ended 31<sup>st</sup> December, 2017 was submitted to me on 30<sup>th</sup> July, 2018. There were some corrections made in the Financial Statements thus leading to submission of the corrected Financial Statements on 19<sup>th</sup> September, 2018.

#### 2.2 OUTSTANDING ISSUES

The following issues raised as audit observations in the course of our verification in both the Financial Statements for the years ended 31<sup>st</sup> December, 2016 and 31<sup>st</sup> December, 2017 respectively, are still being discussed.

### 2016 OUTSTANDING ISSUES

#### 2.2.1 ISSUES RELATED TO CAPITALIZATION OF EXPENSES

Audit had noted that the following expenses classified as recurrent expenditure are actually expenditure for Acquisition/improvement of assets.

(a) Construction of kitchen with cabinet	-	₦1,200,000
(b) Renovation of PA to Governor's Quarters	-	<u>₦ 400,000</u>
		<u>₦1,600,000</u>

Improvements to existing Property, Plant and Equipment (PPE) which is made to enhance their useful life are actually additions to the stock of PPE. The capitalization threshold is ₦50,000.00.

### **2.2.5 ISSUES RELATED TO BUDGET COLUMNS IN THE STATEMENTS**

The statements did not show budgets against revenues and expenditures. The Accountant-General pointed out that budget comparison was prepared as a Separate statement, an option allowed under IPSAS. A look at the statement of Budget Comparison shows that it is a summary of expenditures against budget according to the nature of expenditure. Efforts should however be made to disaggregate the expenditures to organization and responsibility Centers to enable performance assessment as envisaged by Financial Instructions (FI) 301 to 303 be easily done.

However, if the Accountant-General prefers to present budget comparison as a separate statement, care needs to be taken to present detailed statements with notes showing budget/actual for Ministries, Departments and Agencies (MDAs) and other responsibility centers. IPSAS is a reporting standard which aims at providing full disclosure of transactions for users of the financial statements, so that it can be used to observe necessary disclosures arising from a governance standard like the Financial Instructions.

### **2.2.6 ISSUES RELATED TO THE BIOLOGICAL AND INTANGIBLE ASSETS**

Audit requested for the valuation certificate for Biological Assets. Audit was informed that the assets were acquired in 2016. The particulars of the acquisition should be presented for Audit confirmation.



### **2.2.7 ISSUES RELATED TO DETAILS OF PROPERTY, PLANT AND EQUIPMENT (PPE)**

Audit had requested that a detailed schedule of Property, Plant and Equipment (PPE) reported in Note 21 to the accounts be provided for confirmation. This is yet to be done as at the time of reporting. It is very necessary especially in the course of transitioning from Cash to Accrual Accounting Basis to provide a basis for confirmation that Property, Plant, and Equipment (PPE) included in the statements is exhaustive.

### **2.3 INVESTMENTS**

Investment in quoted Companies remained at the same **three hundred and ninety-six million, three hundred and seventy-one thousand, nine hundred and thirty-eight naira, seventeen kobo (N396,371,938.17)** since the previous year. No additions were recorded and no sales of part of the holding were reported. The value of investments in quoted Companies cannot be static between years as market prices of the shares change overtime. The Accountant-General is advised to take necessary steps to find out the actual value of investments and adjust same with prices quoted for the securities on the floor of the Stock Exchange on the last day of trading for each year.

### **2017 OUTSTANDING ISSUES**

#### **2.4 2017 SUPPLEMENTARY BUDGET**

I have noted that a Supplementary Budget of *eight billion, thirty six million, seven hundred and sixty one thousand, one hundred and fifty seven naira, forty seven kobo (N8,036,761,157.47)* was approved by the State House of Assembly for recurrent expenses for the year ended 31<sup>st</sup> December, 2017.

The amount of the Supplementary Budget is as shown below:

<b>Expenditure Item</b>	<b>Amount (₱)</b>
Personnel Cost	1,755,082,595.72
Overhead Cost	4,545,887,558.75
Pension and Gratuities	1,114,437,866.00
Loan Repayments	478,353,107.00
Cost of IGR Collection	143,000,000
<b>Total</b>	<b>8,036,761,157.47</b>

Audit however observed that the Supplementary Budget document did not show what proportion of the supplementary budget allocation to respective MDAs is for Personnel Costs and Overheads. It was not structured to show whether the over expenditures observed in some MDAs were covered by the Supplementary Budget.

## **2.5 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

I have noted the significant accounting policies adopted in the preparation of the financial statements as follows:

- Assets were stated at their net values while liabilities were recognized in full;
- Principal and Interest for Financial Liabilities are accrued for the tenure and reported in full in the Statement of financial position since they are irrevocable loans.

The computation of financial liabilities (current and non-current) is a matter of principle. This is provided for in the standard and cannot be changed by a Statement of accounting policy. The IPSAS I (27) states, “Inappropriate accounting treatments are not rectified either by disclosure of the accounting policies used, or by notes or explanatory material”.

## **NON DISCLOSURE OF COMPARATIVE FIGURES**

2016 Comparative figures were shown only in the Statement of Financial Performance and the Statement of Financial Position. The rest of the Statements and the notes to the account do not have comparative figures. IPSAS provides that comparative information in respect of previous period be disclosed for all **numerical information** in the financial statements after the first year of adoption of the standard. IPSAS I(60).

## CHAPTER THREE

### 3.0 STATEMENT OF FINANCIAL PERFORMANCE

#### 3.1 INTERNALLY GENERATED REVENUE (IGR)

Internally generated revenue for the year ended 31<sup>st</sup> December, 2017 amounted to **six billion, four hundred and fifty six million, two hundred and ninety one thousand, twenty eight naira, sixteen naira (₦6,456,291,028.16)** or 49.66% of estimated figure of **thirteen billion (₦13,000,000,000.00)** for the year. Performance on IGR heads ranged from far above budget for some heads to as low as 0.37% for other heads as detailed below.

Performance of IGR heads

S/NO.	HEAD	BUDGET (N)	ACTUAL (N)	PERFORMANCE %
1.	Taxes	1,600,000,000	3,656,270,286.47	228.52
2.	Licenses	1,000,000,000	124,719,159.00	12.47
3.	Fines	1,300,000,000	4,863,840.00	0.37
4.	Fees	2,422,000,000	901,700,455.00	37.23
5.	Sales	1,100,000,000	8,641,820.00	0.79
6.	Earnings	5,000,000,000	1,640,805,465.31	32.82
7.	Re-imburement	10,500,000	112,619,002.38	1,072.56
8.	Rent	67,500,000	6,671,000.00	9.88
9.	Interests	500,000,000	-	-
<b>TOTAL</b>		<b>13,000,000,000</b>	<b>6,456,291,028.16</b>	<b>49.66</b>

Interest on Fixed Deposits and Dividends on Shares were classified as ‘Earnings’ leaving the appropriate revenue heads, ‘Interest Earned’ and ‘Investment Income’.

Actually, the sum of **fifty six million, seven hundred and ninety one thousand, three hundred and fifty four naira, twenty kobo (₦56, 791,354.20)** and one

billion, four hundred and nineteen million, eight hundred and thirty one thousand, two hundred and forty five naira, eighteen kobo (₦1, 419,831,245.18) were received as Investment Income and Interest Earned respectively for the year ended 31<sup>st</sup> December, 2017.

Audit is of the opinion that Interest on fixed deposit (Investment Income) should be reported separately and not as part of the fund invested in the subsequent year account.

### 3.2 REVENUE PERFORMANCE OF MDAs

The performance of MDAs on relevant revenue heads for the year ended 31<sup>st</sup> December, 2017 is as detailed below:

<b>Office of the Accountant-General</b>		<b>Budget (₦ )</b>	<b>Actual (₦ )</b>	<b>Performance %</b>
	Taxes	-	318,579,144.47	
	Earning	-	1,579,207,211.31	
	Re- imbursement	-	112,619,002.38	
		<b><u>799,904,690</u></b>	<b><u>2,136,394,647.03</u></b>	<b><u>267.08%</u></b>
<b>Internal Revenue Board</b>	Taxes		3,315,508,142.00	
	License		121,663,659.00	
	Fees		-	
	Sales		-	
		<b><u>2,419,285,010</u></b>	<b><u>2,839,858,841</u></b>	<b><u>142.07</u></b>
<b>Ministry of Works &amp; Transport</b>	Taxes		22,183,000.00	
	License		3,055,500.00	
	Fines		617,000.00	
	Fees		81,545,340.00	

	Earnings		-	
		<b><u>56,244,000</u></b>	<b><u>107,400,840.00</u></b>	<b><u>190.96%</u></b>
<b>Capital Terr. Dev. Board</b>	Fines	5,000,000	960,000.00	
	Fees	39,500,000	78,976,832.00	
		<b><u>44,500,000</u></b>	<b><u>79,936,832.00</u></b>	<b><u>179.63%</u></b>
<b>Ministry of Environment</b>	Fines	25,000,000.00	2,591,500.00	
	Fees	98,000,000.00	5,926,680.00	
		<b><u>123,000,000</u></b>	<b><u>8,518,180.00</u></b>	<b><u>6.93</u></b>
<b>Judiciary High Court</b>	Fines		695,340.00	
	Fees		23,834,942.00	
		<b><u>6,010,000</u></b>	<b><u>24,530,282.00</u></b>	<b><u>408.16</u></b>
<b>Cabinet Office</b>	Fines	20,010,000	-	
	Sales	-	220,000.00	
		<b><u>20,010,000</u></b>	<b><u>220,000.00</u></b>	<b><u>1.10%</u></b>
<b>Liason Office Abuja</b>	Fees	<b><u>200,000</u></b>	<b><u>332,000.00</u></b>	<b><u>166%</u></b>
<b>Ministry of Information &amp; State Orientation.</b>	Fees	-	<b><u>27,241,152.00</u></b>	<b><u>100%</u></b>
<b>Ministry of Agriculture &amp; Natural Resources</b>	Fees	<b><u>265,590,384</u></b>	<b><u>76,033,285.00</u></b>	<b><u>28.63</u></b>
<b>Ministry of Commerce &amp; Industry</b>	Fees		297,986,595.00	
	Rent		350,000.00	
		<b><u>63,200,000</u></b>	<b><u>298,336,595.00</u></b>	<b><u>472.05</u></b>
<b>Ministry of Culture &amp; Tourism</b>	Fees	<b><u>22,035,870</u></b>	<b><u>1,473,000.00</u></b>	<b><u>6.68%</u></b>
<b>Office of the Surveyor-General</b>	Fees	-	<b><u>7,366,733.00</u></b>	<b><u>100</u></b>

<b>Ministry of Water Resources</b>	Fees	4,000,000.00	518,400.00	
	Sales	17,500,000	18,500.00	
		<b><u>21,500,000</u></b>	<b><u>536,900.00</u></b>	<b><u>2.50%</u></b>
<b>Ministry of Lands &amp; Survey</b>	Sales	<b>37,000,000</b>	-	
	Fees	45,400,000		
	Earnings	10,000,000		
	Rent	39,000,000		
		<b><u>131,400,000</u></b>	<b><u>57,579,240.00</u></b>	<b><u>43.82%</u></b>
<b>Ministry of Solid Minerals</b>	Fees	943,635,134	59,457,500.00	
	Fines	2,655,238,925	-	
		<b><u>3,598,874,059</u></b>	<b><u>59,457,500.00</u></b>	1.65
<b>Ebonyi State Fire Service</b>	Fees	-	1,813,040.00	
	Earnings	-	2,038,900.00	
		-	<b><u>3,851,940.00</u></b>	100
<b>Ministry of Justice</b>	Sales	4,620,000	-	
	Fees	8,450,000	3,397,130.00	
		<b><u>13,070,000</u></b>	<b><u>3,397,130.00</u></b>	26.00
<b>Customary Court of Appeal</b>	Fees	2,500,000	2,252,240.00	
	Fines	1,000,000	-	
		<b><u>3,500,000</u></b>	<b><u>2,252,240.00</u></b>	64.35
<b>Ministry of Education</b>	Fees	<b><u>6,500,000.00</u></b>	<b><u>39,189,426.10</u></b>	602.91
<b>SUBEB HQ</b>	Fees	<b><u>19,500,000</u></b>	<b><u>1,683,000.00</u></b>	8.63
<b>Examination</b>	Fees	<b><u>39,100,000</u></b>	<b><u>105,015,800</u></b>	268.58

<b>Development Centre</b>				
<b>Ministry of Youths &amp; Sports</b>	Fees	<b><u>450,000</u></b>	<b><u>331,000.00</u></b>	73.56
<b>Ministry of Women Affairs &amp; Social Dev.</b>	Fees	<b><u>1,302,000</u></b>	<b><u>861,300.00</u></b>	66.15
<b>Ebonyi State Environmental Protection Agency</b>	Fees	-	<b><u>4,540,800.00</u></b>	100
<b>Ministry of Health</b>	Fee	2,350,000	8,391,520.00	
	<b>Sales</b>	-	1,062,580.00	
		<b><u>2,350,000</u></b>	<b><u>9,454,100.00</u></b>	402.30
<b>School of Heath Tech. Ngbo</b>	Fee	<b><u>20,000,000</u></b>	<b><u>12,005,000.00</u></b>	60.03
<b>State Hospital Mgt. Board</b>	Fee	<b><u>26,700.0</u></b>	<b><u>3,728,500</u></b>	13.96
<b>Government Poultry Farm Complex</b>	<b>Sales</b>	-	<b><u>7,452,940.00</u></b>	100
<b>Head of Service</b>	<b>Sales</b>	140,000	<b><u>107,800.00</u></b>	
	<b>Earnings</b>		<b><u>725,000.00</u></b>	
		<b><u>140,000</u></b>	<b><u>832,800.00</u></b>	594.86
<b>Ebonyi State Council for Art culture</b>	<b>Earnings</b>	-	<b><u>406,000.00</u></b>	100
<b>Ministry of Finance Economic Dev</b>	Earnings	-	<b><u>56,791,354.00</u></b>	100
<b>Ebonyi State Sport Council</b>	Earnings	1,200,000	1,637,000.00	
	Rent	1,000,000	385,500.00	91.91
		2,200,000	<b><u>2,022,500.00</u></b>	
<b>Tourism Board</b>	Rent	-	<b><u>5,935,000.00</u></b>	100



### 3.3 MDAs THAT DID NOT MEET THEIR REVENUE TARGETS

The following MDAs did not meet their revenue budget during the year:

<b>S/NO.</b>	<b>MDA</b>	<b>REVENUE PERFORMANCE %</b>
1.	Ministry of Environment	6.93
2.	Cabinet Office	1.10
3.	Ministry of Agriculture & Natural Resources	28.63
4.	Ministry of Culture & Tourism	6.68
5.	Ministry of Water Resources	2.50
6.	Ministry of Lands, Survey & Housing	43.82
7.	Ministry of Solid Minerals	1.65
8.	Ministry of Justice	26.00
9.	Customary Court of Appeal	64.35
10.	State Universal Basic Education Board	8.63
11.	Ministry of Youth & Sports	73.56
12.	Ministry of Women Affairs	66.15
13.	School of Health Technology Ngbo	60.03
14.	State Hospital Management Board	13.96
15.	State Sport Council	91.91

### 3.4 MDAs THAT FAILED TO REPORT THEIR REVENUE

The following MDAs which had revenue budgets as shown against them did not report any revenue for the period ended 2017

S/ NO.	MDA	REVENUE BUDGET (N)	REVENUE PERFORMANCE %
1.	EBSIEC	22,000,000	0
2.	Dept of Gen. Service (Cabinet Office)	150,000	0
3.	Liaison Office Lagos	200,000	0
4.	Office of the State Auditor-General	125,000	0
5.	Ministry of Power	1,500,000	0
6.	State Housing Dev. Corporation	300,000	0
7.	State Library Board	1,000,000	0
8.	State College of Education Ikwo	100,862,121	0
9.	Ebonyi State University	2,690,183,668	0
10.	Secondary Education Board	331,000,00	0
11.	Ministry of Local Govt. Chieftaincy Matters Rural Dev.	450,000	0
12.	EBROMA	8,000,000	0
13.	Government Printing Press	241,000,000	0
14.	State Newspaper & Publishing Cop	10,100,000	0
15.	EBADEP	229,500,000	0
16.	Ebonyi State Fertilizer & Chem. Company	482,148,929	0
17.	Building Maternal Industry Ltd	17,000,000	0
18.	Dept of Executive Council Matter	100,000	0
19.	Women's Dev. Center	80,800,000	0
20.	Ebonyi Rice World	979,488,000	0
21.	EBBC	71,613,190	0
22.	EBRUWASA	600,000	0

The inspectorate division of the Office of the Accountant-General should check to confirm that these Establishments did not generate revenue in the period.

### 3.5 RECEIPTS FROM FAAC AND SOURCES OUTSIDE THE STATE

For the year ended 31<sup>st</sup> December 2017, receipts from Federation Accounts and Allocation Committee (FAAC) is reported to amount **fifty-five billion, four hundred and five million, two hundred and fifty-four thousand, eighty hundred and nineteen naira, ninety kobo (₦55,405,254,819.90)** or 91.89% of the budgeted receipt of **sixty billion, two hundred and ninety four million, seventy four thousand, four hundred and nineteen naira (₦60,294,074,419)** for the year. The details of the actual receipts against budgeted figures for each revenue item are as shown below:

Receipts from FAAC and Sources outside the State.

	<b>Budget</b> ₦	<b>Actual</b> ₦	<b>Performance</b> %
Statutory allocation	25,587,070,430	24,251,950,003.81	94.78
Value Added Tax	10,730,045,989	8,372,571,061.21	78,.02
Share of Excess cover	501,158,000	304,859,030.29	60.83
Share of Exchange rate gain	2,500,000,00	1,442,992,952.50	57.72
Budget support Allocation	5,500,000,000	8,255,000,000.00	150.09
Non-Oil Revenue	2,000,000,000	361,151,823.00	18.06
Share of N.N PC Refund	500,000,000	-	0
Paris Club Refund	6,000,000,000	12,247,984,837.20	204.13
Forex Equalization	-	168,745,112.04	0
Re- imbursement from FGN	575,000,000	-	0
Grants	6,400,000,000		0
<b>Total</b>	<b>60,249,074,419</b>	<b>55,405,254,819.90</b>	<b>91.89</b>

There were no receipts on the following revenue heads in the year:

- Share of NNPC Refund
- Re- imbursement from the Federal Government of Nigeria
- Grants

A total sum of **seven billion, four hundred and seventy-five million naira (₦7,475,000,000)** was budgeted for the above revenue heads that had Zero budget performance in the year. No budget provision was made for “Forex Equalization” which generated *one million six hundred and eight million, seven hundred and forty five thousand, one hundred and twelve naira (N168, 745,112.04)* in the year. Two heads, “Budget support Allocation” and “Paris Club Refund” recorded above budget revenue in the year while other heads recorded revenue ranging from 18.06% (Non- oil Revenue”) to 94.78% (“Statutory Allocation”).

Of the **twelve billion, two hundred and forty-seven million, nine hundred and eighty-four thousand, eighty hundred and thirty-seven naira, twenty kobo (₦12,247,984,837.20)** reported as Paris Club Refund, the sum of **six hundred and sixty-four million, two hundred and thirty-seven thousand, six hundred and forty-four naira, twenty-five kobo (₦664,237,644.25)** represents Bank Interests generated from the Fixed deposits on which the fund was placed on receipt. Actual amount received as Paris Club Refund by the State Government for the year is **eleven billion, five hundred and eighty-three million, seven hundred and forty-seven thousand, one hundred and ninety-three naira (₦11,583,747,193.00)**.

## **3.6 RECURRENT EXPENDITURE**

### **3.6.1 Personnel Cost**

Personnel cost for the year ended 31<sup>st</sup> December, 2017 amounted to **ten billion, nine hundred and seventy seven million, five hundred and ninety seven thousand, sixty seven naira (₦10,977,597,067)** or 106.83 % of the year's budget of **ten billion, two hundred and seventy five, four hundred and seventy three thousand naira (₦10,275,473,000)**. The sum of **two billion, two hundred and seventy two million naira (₦2,272,000,000)** was provided in the 2017 budget for the salary of Statutory Office Holders only the sum of **one hundred and thirteen million, four hundred and six thousand, four hundred and nine naira, twenty kobo (₦113,406,409.20)** or 0.50% was expended.

### **3.6.2 OVERHEADS**

Overheads for the year ended 31<sup>st</sup> December 2017 amounted to **twenty seven billion, one hundred and fifty two million, nine hundred and four thousand, eight hundred and ninety one naira (₦27,152,904,891)** or 77.41 % of the **thirty five billion, seventy six million, five hundred and ninety five thousand, six hundred and thirty nine naira (₦35,076,595,639)** provided in the budget.

Table below shows the comparative figures of the actual expenses for 2016 and 2017.

	<b>2017</b>	<b>2016</b>	<b>Increase/(Decrease) %</b>
Traveling & Transport	918,838,684.24	447,885,622.04	105.15
Utilities General	140,378,791.49	165,068,265.71	(14.96)
Material and Supplies	296,869,160.00	194,417,177.00	52.66
Maintenance Services	843,301,966.26	641,440,385.40	31.47
Training and Capacity Building	95,258,500.00	80,433,620.00	18.45
Security & Safety Services	3,523,164,127.80	2,666,046,514.96	32.15
Consulting & Professional Service	115,195,110.00	78,009,525.38	47.67
Fuelling and Lubricants	553,672,592.34	247,228,765.40	123.95
Financial Charges	3,797,213.38	5,083,109.50	(25.30)
L.G Pension Contribution	-	42,504,158.22	(100)
Subsidy Fertilizers	118,227,406.64	29,556,851.66	300
Loan Repayment	2,607,597,277.70	2,248,356,528.56	15.98
Exchange Rate Loss		21,044,249.69	(100)
Depreciation/Amortization	8,001,452,302.9	6,881,199,977.40	16.42
Others	9,925,151,758.3	12,345,780,32.81	(19.61)

There were significant increases on the following recurrent expenditure heads as against expenditure levels in 2016:

	<b>% increase</b>
❖ Traveling and Transport	105.15
❖ Maintenance and supplies	52.66
❖ Maintenance Service	31.47
❖ Consulting and professional Service	47.67
❖ Security & safety Services	32.15
❖ Fuelling and Lubricants	123.95
❖ Subsidy for Fertilizer	300.00

### 3.7 BUDGET PERFORMANCE OF MDAs: RECURRENT EXPENDITURE

The budget performance of Ministries, Departments and Agencies as regards Recurrent Expenditure for the year ended 31<sup>st</sup> December, 2017 is as detailed below:

#### Recurrent budget performance of MDAs

	Budget	Actual	Variance
<b>Office of the Executive Governor</b>			
Personnel Cost	519,462,253	907,470,977.80	(395,791,692.36)
Overhead	4,926,300,000	4,523,279,318.88	
Supplementary Appropriation	2,994,000,000		
<b>Deputy Governor's Office</b>			
Personnel Cost	58,558,273	31,821,905.04	26,736,367.96
Overhead	216,440,000	159,557,563	
Supplementary Appropriation	88,450,450		
<b>Border Peace &amp; Conflict Res.</b>			
Personnel Cost	12,952,848	13,183,300.76	(230,452.76)
Overhead	10,000,000	2,403,000	
Supplementary Appropriation	65,000		
<b>Grant &amp; Donor Agency</b>	-		
<b>State Emergency Mgt Agency</b>			
Personnel Cost	13,897,856	17,351,099.19	(3,453,243.19)
Overhead	9,200,000	-	-
Supplementary Appropriation	6,642,720		
<b>State Council on Public Procurement</b>			
Personnel Cost	7,330,236	-	7,330,236.00
Overhead	4,350,000	600,000	
<b>Office of the Secretary to State Government</b>			
Personnel Cost	29,523,642	26,163,021.13	3,360,620.87
Overhead	1,455,800,000	568,654,669.47	
Supplementary Appropriation	1,213,731,887		
<b>Dept. of Political Affairs</b>			
Personnel Cost	11,480,980	26,724,818.45	(15,243,838.45)
Overhead	461,400,000	-	
Supplementary Appropriation	504,890		
<b>Dept of Executive Council Matters</b>			

Personnel Cost	11,234,109	5,629,666.43	5,604,442.57
Overhead	10,550,000	1,200,000	
Supplementary Appropriation	1,003,575		
<b>Dept of Economic Affairs</b>			
Personnel Cost	15,444,807	8,416,957.64	7,027,849.36
Overhead	1,060,000	550,000	
Supplementary Appropriation	1,405,966		
<b>Dept. of General Services</b>			
Personnel Cost	43,416,010	32,882,005.87	10,534,004.13
Overhead	1,060,000	-	
<b>Dept of Economic Empowerment &amp; Poverty Alleviation</b>			
Personnel Cost	27,465,242	18,319,971.54	9,145,270.46
Overhead	1,517,669,000	1,217,085	
Supplementary Appropriation			
<b>Liaison Office Lagos</b>			
Personnel Cost	20,492,318	7,580,315.95	12,912,002.05
Overhead	47,686,000	3,187,144.50	
Supplementary Appropriation			
<b>Liaison Office Abuja's</b>			
Personnel Cost	20,492,348	12,242,709.56	8,249,638.44
Overhead	60,000,000	15,311,195.00	
Supplementary Appropriation	3,548,627		
<b>Liaison Office Enugu/Anambra</b>			
Personnel Cost	-	-	-
Overhead	10,000,000	-	-
<b>Liaison Office Aba P/H</b>			
Personnel Cost	-	-	
Overhead	10,000,000	-	
<b>Women Dev. Centre</b>			
Personnel Cost	24,888,386.03	26,165,289.06	(1,276,903.03)
Overhead	79,300,000	-	
<b>Head of Service</b>			
Personnel Cost	23,794,507	14,565,892.57	9,228,614.43
Overhead	18,850,000	5,980,000	
<b>Admin &amp; General Services</b>	7,710,000	9,912,928.21	(2,211,928.21)
Personnel Cost	1,680,000	500,000.00	



Overhead			
<b>Public Service &amp; Manpower Dev.</b>			
Personnel Cost	47,486,823	15,928,553.68	31,558,269.32
Overhead	26,545,000	1,241,500.00	
<b>Estab, Pension &amp; Management Services</b>			
Personnel Cost	15,904,127	8,791,595.09	7,112,531.91
Overhead	25,365,000	294,580.00	
<b>State House of Assembly</b>			
Personnel Cost	196,275,165	287,066,211.44	(90,791,046.44)
Overhead	498,000,000	303,724,908.00	
Supplementary Appropriation	434,075,000		
<b>Assembly Service Commission</b>			
Personnel Cost	238,403,981	29,156,020.76	209,247,960.24
Overhead	96,500,000	2,419,820	
Supplementary Appropriation	660,000		
<b>Ministry of Information and State Orientation</b>			
Personnel Cost	48,334,997	32,033,976.26	16,301,020.74
Overhead	41,600,000	13,308,800	
Supplementary Appropriation	3,670,000		
<b>Dept of ICT</b>			
Personnel Cost	-	-	-
Overhead	5,000,000	-	
<b>Ebonyi State Broadcasting Corporation</b>			
Personnel Cost	110,270,759	131,093,405.92	(20,822,646.92)
Overhead	93,030,000	-	
Supplementary Appropriation	29,581,255		
<b>Government Printing Press</b>			
Personnel Cost	18,484,140	10,896,219.09	7,587,920.91
Overhead	76,500,000	27,558,210	
Supplementary Appropriation	256,000		
<b>Ebonyi State Newspaper and Publishing Corporation</b>			
Personnel Cost	55,456,850	29,213,280.13	26,243,569.87
Overhead	2,400,000		
<b>State Audit</b>			

Personnel Cost	131,272,601	99,044,239.12	32,228,361.88
Overhead	35,720,000	1,549,810	
Supplementary Appropriation	392,313		
<b>Local Government Audit</b>			
Personnel Cost	52,072,617	69,044,570.63	(16,971,953.63)
Overhead	21,479,200		
<b>Civil Service Commission</b>			
Personnel Cost	48,519,389	10,900,086.38	37,619,302.62
Overhead	12,268,000	6,990,300	
<b>LG Service Commission</b>			
Personnel Cost	27,292,400	35,420,751.62	(8,128,351.62)
Overhead	12,000,000	1,050,000	
Supplementary Appropriation	5,486,730		
<b>EBSIEC</b>			
Personnel Cost	86,401,106	31,125,059.33	55,276,046.67
Overhead	461,120,000	49,975,000	
Supplementary Appropriation	66,573,838		
<b>Ministry of Agric</b>			
Personnel Cost	382,007,548	245,163,655.83	136,843,892.17
Overhead	24,220,000	53,856,620	
Supplementary Appropriation	2,170,000		
<b>EBADEP</b>			
Personnel Cost	42,754,074	77,619,421.46	(34,865,347.46)
Overhead	10,000,000	-	
<b>State Fertilizer Coy Ltd</b>			
Personnel Cost	26,661,241	18,138,970.67	8,522,270.33
Overhead	16,000,000	180,000	
Supplementary Appropriation	1,636,143		
<b>Ebonyi Rice World</b>			
Personnel Cost	6,061,932	-	-
Overhead	85,815,500	-	
<b>Ministry of Finance and Economic Development</b>			
Personnel Cost	52,474,606	45,329,619.34	7,144,986.66
Overhead	66,950,000	16,854,150	
Supplementary Appropriation	46,886,260		
<b>Budget Office</b>			

<b>Office of the Accountant-General</b>			
Personnel Cost	94,478,216	56,182,765.41	38,295,450.59
Overhead	2,212,250,000	28,492,600	
Supplementary Appropriation	3,004,276		
<b>BIR</b>			
Personnel Cost	151,010,586	103,327,469.29	47,683,116.71
Overhead	22,720,000	2,569,500	
<b>State Investment Coy</b>			
Personnel Cost	7,927,043	6,204,731.25	1,722,311.75
Overhead	4,745,000	-	
<b>Ministry of Commerce &amp; Industry</b>			
Personnel Cost	96,459,207	51,755,555.05	44,703,651.95
Overhead	25,330,000	5,577,900	
<b>Industrial Estate Mgt Board</b>			
Personnel Cost	-	-	-
Overhead	5,000,000		
<b>Ebonyi Building Material</b>			
Personnel Cost	10,112,179	5,627,633.18	4,484,545.82
Overhead	50,000,000		
<b>Ministry of Solid Mineral</b>			
Personnel Cost	24,586,559	13,690,867.10	10,895,691.90
Overhead	50,000,000	2,801,800.00	
Supplementary Appropriation	178,873		
<b>Ministry of Works &amp; Transport</b>			
Personnel Cost	65,257,880	55,198,341.74	10,059,538.26
Overhead	9,793,000	853,000.00	
Supplementary Appropriation	2,490,000		
<b>EBROMA</b>			
Personnel Cost	18,104,341	15,343,581.38	
Overhead	30,000,000	-	2,760,759.62
<b>Office of the Surveyor-General</b>			
Personnel Cost	47,506,859	24,033,237.67	23,473,621.33
Overhead	3,600,000	769,000.00	
<b>EBRUWASSA</b>			
Personnel Cost	32,864,940	12,217,103.41	20,647,836.59

Overhead	4,000,000	769,000	
<b>Ministry of Culture &amp; Tourism</b>			
Personnel Cost	37,252,553	28,062,110.64	9,190,442.36
Overhead	50,170,000	13,970,000	
Supplementary Appropriation	118,000		
<b>Council for Art &amp; Culture</b>			
Personnel Cost	29,152,025	29,413,302.23	(261,277.23)
Overhead	9,975,689		
Supplementary Appropriation	2,643,075		
<b>State Tourism Board</b>			
Personnel Cost	7,943,167	4,582,470.23	3,360,696.77
Overhead	1,500,000		
<b>Ebonyi Hotels Afikpo</b>			
Personnel Cost	10,687,070	2,095,201.10	8,591,868.90
Overhead	-		
<b>State Planning Commission</b>			
Personnel Cost	27,634,765	26,555,247.36	1,079,517.64
Overhead	15,675,000	2,285,500	
<b>State Statistical Bureau</b>			
Personnel Cost	-	-	-
Overhead	5,000,000		
<b>Dept of Design Evaluation</b>			
Personnel Cost	-	-	-
Overhead	5,000,000		
<b>Fiscal Responsibility Commission</b>			
Personnel Cost	39,983,881	31,467,731.59	8,516,149.41
Overhead	32,800,000	21,664,000	
Supplementary Appropriation	7,951,975		
<b>Housing Dev. Corp</b>			
Personnel Cost	10,368,850	6,927,522.29	3,441,327.71
Overhead	3,600,000		
<b>Ministry of Lands &amp; Housing</b>			
Personnel Cost	56,681,745	55,513,951.43	1,167,793.57
Overhead	12,690,000	5,053,500	
<b>Ministry of Power</b>			
Personnel Cost	67,543,487	69,646,578.70	(2,103,091.70)
Overhead	916,060,750	347,011,441.44	

<b>Ministry of Water Resources</b>			
Personnel Cost	97,842,038	68,450,521.67	29,391,516.33
Overhead	79,800,00	4,353,620	
<b>Judicial Service Commission</b>			
Personnel Cost	12,262,370	6,938,145.28	5,324,224.72
Overhead	35,000,000	7,647,000.10	
<b>Ministry of Justice</b>			
Personnel Cost	65,877,984	64,946,249.41	931,734.59
Overhead	184,000,000	120,595,400	
Supplementary Appropriation	18,720,490		
<b>Judiciary High Court</b>			
Personnel Cost	260,821,910	323,151,870.11	(62,329,960.11)
Overhead	107,500,000	54,325,999.68	
Supplementary Appropriation	252,928,488		
<b>Customary Court of Appeal</b>			
Personnel Cost	94,702,110	185,046,609.62	(90,344,499.62)
Overhead	36,200,000	25,139,000	
Supplementary Appropriation	59,477,609		
<b>Capital Terr. Dev. Board</b>			
Personnel Cost	62,825,861	53,041,100.82	9,784,760.18
Overhead	10,200,000	2,716,300	
<b>Ministry of Youth &amp; Sports</b>			
Personnel Cost	32,347,456	24,537,548.70	7,809,907.30
Overhead	19,500,000	2,483,900	
Supplementary Appropriation	19,737,333		
<b>Ministry of Women Affair and Social Development</b>			
Personnel Cost	75,577,289	78,449,504.11	(2,872,215.11)
Overhead	48,150,000	3,345,645	
Supplementary Appropriation	6,491,170		
<b>Dept of Religion &amp; Welfare</b>			
Personnel Cost	-		-
Overhead	720,000,000		
<b>Ebonyi State Sports Council</b>			
Personnel Cost	12,612,954	15,071,384.68	(2,458,430.68)
Overhead	13,500,00		
Supplementary Appropriation	1,952,163		
<b>Ministry of Education</b>			
Personnel Cost	78,600,937	61,527,054.65	17,073,882.35

Overhead	100,000,000	13,917,500	
<b>SUBEB HQ</b>			
Personnel Cost	187,068,476	159,662,528.94	27,405,947.06
Overhead	44,205,000	4,365,500	
<b>State Library Board</b>			
Personnel Cost	44,742,335	25,255,694.63	19,486,640.37
Overhead	20,000,000		
Supplementary Appropriation	94,000		
<b>Examination Dev. Centre</b>			
Personnel Cost	7,002,382	5,871,699.44	1,130,682.56
Overhead	77,346,000	40,155,200	
Supplementary Appropriation	11,000,000		
<b>Secondary Education Board</b>			
Personnel Cost	2,773,828,013	2,657,442,997.60	116,385,015.40
Overhead	481,527,500	8,969,700	
Supplementary Appropriation	200,000		
<b>State Scholarship Board</b>			
Personnel Cost	16,345,975	10,283,237.47	6,062,737.53
Overhead	405,400,000	166,500	
<b>Ministry of Health</b>			
Personnel Cost	189,634,264	276,393,175.40	(86,758,911.40)
Overhead	222,000,000	4,259,875	
Supplementary Appropriation	82,513,437		
<b>Agency for the Control of Aids</b>			
Personnel Cost	-	-	-
Overhead	10,000,000	-	
<b>State Hospital and Management Board</b>			
Personnel Cost	652,002,123	645,129,965.82	6,872,157.18
Overhead	9,000,000	183,000	
Supplementary Appropriation	183,726,080		
<b>Primary Health Care &amp; Dev. Agency</b>			
Personnel Cost	761,607,632	-	761,607,632
Overhead	186,700,000	-	
<b>Ministry of Environment</b>			
Personnel Cost	54,633,352	52,589,781.97	2,043,570.03
Overhead	13,250,000	3,130,100	

<b>EBSEPA</b>			
Personnel Cost	-	9,344,234.30	(9,344,234.30)
Overhead	-		
<b>MLGCM &amp; RD</b>			
Personnel Cost	38,394,245	32,652,182.17	5,742,062.83
Overhead	6,500,000	1,730,000	
<b>Agency for Mass Literacy</b>			
Personnel Cost	2,872,980	7,699,424.90	(4,826,444.90)
Overhead	1,200,000		
<b>Ebonyi State University</b>			
Personnel Cost	2,400,000,000	2,568,000,000	(168,000,000)
Overhead	-		
Supplementary Appropriation	755,160,378		
<b>State College of Education</b>			
Personnel Cost	600,000,000	600,720,000	(720,000)
Overhead	-		
<b>School of Health Tech.</b>			
Personnel Cost	200,000,000	93,204,899.06	106,795,100.94
Overhead	10,000,000	-	
<b>LG Staff Pension Board</b>			
Personnel Cost	-		-
Overhead	43,800,000	-	
Supplementary Appropriation	200,000		
<b>FADAMA</b>			
Personnel Cost	3,000,000	-	3,000,000
Overhead			
<b>EBOTRANS</b>			
Personnel Cost	10,000,000	-	10,000,000
Overhead			
<b>State Pension Mgt. Board</b>			
Personnel Cost	-	3,543,000	(3,543,000)
Overhead	-		
<b>Revenue Appeal Commission</b>			
Personnel Cost	-	16,393,361.01	(16,393,361.01)
Overhead			

### 3.8 IMPROPER CLASIFICACION OF EXPENSES IN THE STATEMENT OF FINANCIAL PERFORMANCE

The following expenses which are listed in Note 17, “other Recurrent Expenses” are of a non-recurrent in nature

- i. **Acquisition of Land** - ₦28,609,411.00. Land acquired by Government has future economic benefits or service potentials for the State. Acquisition costs should be classified as part of Land & Building stock of the State.
  
- ii. **Counterpart Fund** – ₦1,264,276,974.12: The payment of counter part fund is usually in fulfillment of the State’s obligations for implementation of a Donor Agency Assisted Project. Project expenses, generally are classified as capital expenditure; it is improper to classify counterpart funds as “other recurrent expenses”. Audit observed that some similar expenditures were properly classified. For example, the following payments of this nature were properly classified as capital expenditure in the account for the year:

Counterpart contribution IFAD VCDP	-	5,832,000
Counterpart contribution FADAMA III	-	<u>58,744,000</u>
		<b><u>64,576,000</u></b>

I advice that consistency should be observed in item classifications.

### 3.9 LOAN REPAYMENT:

The sum of *two billion, six hundred and seven million, five hundred and ninety seven thousand, two hundred and seventy seven naira, seventy kobo* (~~₦2,607,597,277.70~~) was debited to the Statement of Financial Performance in respect of loan repayments. Audit verification showed that this amount is made up of repaid principal and interest components of the loan as detailed below:



Excess Crude loan	₦1,079,671,147.08
Salary Bail out loan	69,530,822.40
CACS loans	1,057,180,104.09
External loan	<b>401,215,204.13</b>
	<hr/>
	<b>2,607,597,277.70</b>
	<hr/>

The repayment of the principal affects only the cash flow of an entity; it is the borrowing cost (interest on loans) that affects the profitability (Financial Performance) of the entity. Borrowing cost are debited to an “**Interest Expense**” account and closed to the Statement of Financial Performance at the end of the financial year. It is my considered opinion that only the interest component (cost of borrowing) should be debited to the Statement of Financial Performance.

The corrections will show that total Recurrent Expenditure is far less than **thirty eight billion, two hundred and forty three million, nine hundred and eight thousand, three hundred and sixty seven naira, ninety six (₦38,243,908,367.96)** and surplus for the year far more than **twenty three billion, six hundred and seventeen million, six hundred and thirty seven, four hundred and eighty naira, twenty five naira (₦23,617,637,480.25)** as reported in the Statement of Financial Performance for the year ended 31<sup>st</sup> December, 2017. The Accountant-General needs to effect these corrections to increase the quality of the State’s Financial Statements, in the subsequent years’ Accounts.

## CHAPTER FOUR

### 4.0 STATEMENT OF FINANCIAL POSITION

#### 4.1 RECEIVABLES

Receivables in the account for the year ended 31<sup>st</sup> December, 2017 represent revenues earned in December, 2017, but actually received in January 2018 as detailed below:

		₦
Statutory Allocation	-	3,009,812,315.46
Value Added Tax	-	779,499,166.75
Interest from Fixed Deposit	-	177,125,570.50
Forex Equalization	-	168,745,112.04
	-	<u><u>₦4,135,182,164.75</u></u>

#### 4.2 CASH AND CASH EQUIVALENTS:

The reported cash and cash equivalents of **twenty four billion, nine hundred and forty eight million, four hundred and twenty five thousand, eight hundred and eleven naira, sixty eight kobo (₦24,948,425,811.68)** is made up of:

		₦
Cash held by MDAs		10,948,331,833.46
Cash held by Sub treasuries		93,978.22
Fixed Deposit A/c balances		14,000,000,000.00
		<u><u>24,948,425,811.68</u></u>

#### 4.3 PROPERTY, PLANT, AND EQUIPMENT

Property, Plant and Equipment acquired in the year ended 31<sup>st</sup> December, 2017 amounted to **thirty billion, eight hundred and eighty four million, nine hundred and thirty six thousand, five hundred and thirty three naira, thirty kobo (₦30,884,936,533.30)** out of a total Capital Expenditure Budget of **ninety six**

**billion, seven hundred and ninety nine million, nine hundred and fifty three thousand, eight hundred and sixty five naira, eighty kobo (₦96,799,953,865.80).**

This represents 31.91% Capital budget performance for the year. The capital budget performance of each MDA for the year under review is as detailed below:

### **Capital Budget Performance**

<b>MDA</b>	<b>Revised Budget ₦</b>	<b>Actual ₦</b>	<b>% Performance</b>
Office of the Governor	946,333,199	320,108,306.96	33.83
Office of the Deputy Governor	80,000,000	96,280,811.35	120.35
Dept of Border Peace	56,000,000	-	0
SEMA	150,000,000	-	0
State Council on Public Proc	26,227,500	-	0
Office of the SSG	1,823,299,500	1,339,140,000	73.45
Dept of Eco Emp. And Job Creation	2,520,674,000	-	0
CSDA	65,000,000	-	0
Liaison Office Lagos	150,000,000	-	0
Liaison Office Abuja	301,500,000	-	0
WDC	100,000,000	-	0
Liaison Office Enugu/Anambra	6,500,000	-	0
Liaison Office Aba/PH	6,500,000	-	0
Northern Liaison Office	14,000,000	-	0
Liaison Office Owerri	5,500,000	-	0
Office of Religious Welfare	650,000,000	-	0
Office of Sp. Asst on SP. Projects	141,776,050	-	0
Office of Sur SP Asst. on Internal Security	600,000,000	-	0
SDG	983,872,500	-	0
Dept of Inter-party Affairs	50,000,000	-	0
Director of Attitudinal Change	20,000,000	-	0
Dept of Talent Development	20,000,000	-	0
State House of Assembly	590,000,000	75,000,000	12.71
House of ASS. Service Commission	100,000,000	-	0
Ministry of Information and State Orientation	486,712,966.47	3,678,000	0.76
Ebonyi State Broadcasting Corporation	200,000,000	9,880,000	4.94
Government Printing Press	350,000,000	-	0
SA to Governor on ICT	150,000,000	-	0
State Newspaper & Publication	24,505,000	-	0

Coy.			
Head of Service	283,125,000	1,500,000	0.53
State Audit	18,250,000	-	0
L.G. Audit	15,000,000	-	0
Civil Service Commission	107,462,500	-	0
L.G. Service Commission	7,800,000	-	0
EBSIEC	118,625,000	-	0
Ministry of Agriculture	3,538,628,492.93	152,374,273.10	4.3
EBADEP	326,961,600	-	0
FADAMA	160,000,000	-	0
Ebonyi Rice World	1,315,000,000	336,019,835.74	25.55
State Fertilizer Coy	441,265,000	-	0
Ministry of Finance & Economic Development	66,650,000	-	0
Budget Office	17,000,000	-	0
Office of the Accountant-General	63,000,000	343,323,520.90	544.96
BIR	50,000,000	-	0
State Investment Company	32,000,000	-	0
Fiscal Res. Commission	108,950,000	-	0
Ministry of Commerce	2,345,850,000	-	0
Min. of Solid Mineral	105,800,000	-	0
Dept of Cement & Salt Prod.	1,014,425,000	-	0
Ebonyi Building Material Coy	109,440,000	-	0
Ministry of Works & Transport	39,137,626,914.10	20,340,596,376.34	51.97
EBOTRANS	100,000,000	-	0
EBROMA	709,203,765	74,000,000	10.43
Min. of Culture & Tourism	400,000,000	13,000,000	3.25
State Council for Arts & Culture	10,000,000	-	0
State Tourism Board	2,995,000	-	0
State Planning Commission	264,725,416	-	0
State Statistical Bureau	105,000,000	-	0
Ministry of Lands, Survey & Housing	7,298,706,277	3,927,998,536.11	53.82
Office of the Surveyor-General	175,000,000	-	0
State Housing Corporation	130,000,000	-	0
Ministry of Power & Energy	5,429,722,272.70	1,545,439,026.05	28.46
Ministry of Water Resources	4,360,035,183	1,053,071,510.69	24.15
EB-RUWASSA	263,153,250	-	0
Ministry of Justice	35,379,500	-	0
Judiciary High Court	263,000,000	182,800,275.72	69.58
Customary Court of Appeal	80,000,000	11,300,000	14.13
Judicial Service Commission	24,000,000	12,187,500	50.78

Capital Terr. Dev. Board	136,220,000	-	0
Ministry of Youth & Sports	1,116,848,347	343,659,237.97	30.77
MOWA & SD	385,450,000	-	0
Sp. Asst to Governor on Child Dev.	77,400,000	-	0
Ministry of Education	2,268,000,000	22,328,332.50	0.98
Universal Basic Education Board	4,329,780,974.12	-	0
State Library Board	51,220,000	-	0
Exam Dev Centre	33,980,000	-	0
Agency for Mass Literacy	5,629,200	-	0
State College of Education Ikwo	210,000,000	-	0
Ebonyi State University	305,500,000	7,627,500	2.50
SEB	188,875,000	-	0
Ministry of Health	4,360,762,500	459,298,760.56	10.53
School of Health Tech.	150,000,000	-	0
School of Nursing Uburu	1,157,501,337	110,362,031.31	9.54
Agency for Control of Aids	44,330,000	-	15
SHMB	41,672,500	-	0
State Primary Health Dev. Agency	292,275,000	-	0
Office of SA on Primary Health	117,722,500	-	0
Ministry of Environment	1,507,225,621.25	103,962,698.00	6.89
Ministry of LG and Chieftaincy Affairs	369,000,000	-	0
	<b>96,799,953,865.80</b>	<b>30,884,936,633.30</b>	31.91

Of the 90 MDAs that had capital budget provisions for the year, 46 MDAs achieved 0% capital budget performance. Three MDAs, Office of the Head of Service, Ministry of Education and Ministry of Information and State Orientation achieved less than 1% capital budget performance. Seven MDAs as detailed below had capital budget performance ranging from, 2.5% to 10.57%

Ebonyi Broadcasting Corporation	-	4.94%
EBROMA	-	10.94%
School of Nursing Uburu	-	9.54%
Ministry of Agriculture	-	6.07%
Ministry of Culture & Tourism	-	3.25%
Ebonyi State University	-	2.50%
Ministry of Health	-	10.53%
Ministry of Environment	-	6.89%

#### 4.4 MDAs THAT EXCEEDED THEIR CAPITAL BUDGET

Two MDAs, Office of the Deputy Governor and Office of the Accountant-General exceeded their capital budget as detailed below:

MDA	Revived Capital Budget ₦	Actual ₦	Variance ₦	% Variance
Deputy Governor's Office	80,000,000	96,280,811.35	(16,280,811.35)	-20.35
Accountant-General's Office	58,000,000	343,323,520.90	(285,323,520.90)	-491.94

#### 4.5 BIOLOGICAL AND INTANGIBLE ASSETS

The value of Biological Assets remained at **eleven million, seven hundred and five thousand, two hundred naira (₦11, 705,200.00)** at the end of the year under review. Explanatory note attached to aid the identification of the assets should be shown to Audit.

#### 4.6 FINANCIAL ASSETS

Financial Assets refer to the value of the State's shares in quoted Companies. The value of Financial Assets remained at **three hundred and ninety six million, three hundred and seventy one thousand, nine hundred and thirty eight naira, seventeen kobo (₦396, 371,938.17)**. The unchanged total value implies that there were no changes in the market price of the shares since the previous trading year ended 31<sup>st</sup> December, 2016 and that no new Shares were bought during the year.

I had in my report on the Financial Statements for the year ended 31<sup>st</sup> December, 2016 opined that it is difficult to accept that the market prices of these Shares remain static over the years and suggested that the Accountant-General should report the value of these Shares based on the current market prices on the last day of trading for each year. The value of Finance and Accounts reported for the year ended 31<sup>st</sup> December, 2017 shows that my advice in the 2016 Account is yet to be taken.

#### 4.7 NON CURRENT FINANCIAL LIABILITIES

This is made up of Internal and Foreign Loans outstanding. The balance as at 31<sup>st</sup> December, 2017 was reported in the statement as follows:

		₦
Internal Loans	-	26,737,170,478.15
External Loans	-	22,734,442,513.05
	-	<u><u>49,471,612,991.20</u></u>

My review of the loans showed that the balance of Internal Loans represent outstanding Principal **Plus** Interests cumulated to the end of the loans tenure. In my opinion, this form of measurement of liability is improper. The value of a liability ought to be the amount required to settle the present obligation **at the reporting date** NOT at the liabilities' terminal date, that is to say, the balance of Internal Loans for the year ended 31<sup>st</sup> December, 2017 ought to be the total outstanding Principal as at 31<sup>st</sup> December, 2017 as illustrated below:-

Internal Loan Balances as at 1/1/17:	₦	₦
Salary Bail Out Loan	603,928,125.00	
Excess Crude Loan	9,416,666,666.62	
CACs Loan I	<u>1,222,222,222.16</u>	11,242,817,013.70
<b>Add:</b> CACs Loan II (Obtained in June 2017)		<u>5,000,000,000.00</u>
		16,242,817,013.70

**Less: Principal Repayments in 2017:**

Salary Bail Out Loan	732,209,500.00	
Excess Crude Loan	500,000,000.00	
CACs Loan I	666,666,666.72	
CACs Loan II	277,777,777.78	2,176,653,944.50
Internal Loan Balance as at 31/12/17		<b><u>14,066,163,069.92</u></b>

In my opinion, the State's Internal Loans balance as at 31<sup>st</sup> December, 2017 should be **fourteen billion, sixty six million, one hundred and sixty three thousand, sixty nine naira, ninety two kobo (N14,066,163,069.92)** and not **twenty six billion, seven hundred and thirty seven million, one hundred and seventy thousand, four hundred and seventy eight naira, fifteen kobo (N26,737,170,478.15)** as reported in the Statement of Financial Position.

In the light of the above, it is my opinion that the state's Non-Current Liabilities as at 31<sup>st</sup> December, 2017 stands at **thirty six billion, eight hundred million, six hundred and five thousand, five hundred and eighty two naira, twenty kobo (N36,800,605,582.20)** and not the sum of **forty nine billion, four hundred and seventy one million, six hundred and twelve thousand, nine hundred and ninety one naira, twenty kobo (N49,471,612,991.20)** as reported in the Statement of Financial position. This is made up of:

		N
Internal Loans	-	14,066,163,096.20
Foreign Loans	-	22,734,442,513.05
	-	<b><u>36,800,605,582.25</u></b>

It is instructive that the balance reported for foreign loans is the aggregation of outstanding Principal on each loan account as at 31<sup>st</sup> December, 2017 (the reporting date) and does not include any interest/charges elements.



## CHAPTER FIVE

### 5.0 OTHER STATEMENTS

#### 5.1.0 Statement of Cash Flow

I observed the following in the course of examination of the statement of Cash Flow for the period under review.

##### 5.1.1 Absence of comparative year column.

The statement of **Cash Flow** as presented to me has no comparative column for the year 2016. As a result of this omission, opening cash and cash equivalent could not be confirmed from the statement. It was not possible to evaluate performance on Net Cash Flows from different activities of the State between the two years (2016 and 2017).

##### 5.1.2 Cash Flow Figures Referenced to Unclear Notes

The Notes to which figures in the Statement of Cash Flow are referenced to did not fully explain the figures.

For instance, the **forty five billion, seven hundred and twenty four million, four hundred and fifty eight thousand, two hundred and eighty five naira, fifty kobo (N45,724,458,285.50)** reported as Allocations from Federation Accounts in the statement of cash flow is far less than the **fifty five billion, four hundred and five million, two hundred and fifty four thousand, eight hundred and nineteen naira (N55,405,254,819.00)** reported as (Notes 2 & 3) received from the Federation Account in the year. Even with the inclusion of Budget Support Allocation of **eight billion, two hundred and fifty five million naira (N8,255,000,000.00)** which is inexplicably grouped as part of cash flow from investing Activities, the figures still could not add up.

The statement of cash flow reports Internally Generated Revenue (IGR) as **four billion, nine hundred and eighty two million, seven hundred and twelve thousand, six hundred and thirty three naira sixty six kobo (₦4,982,712,633.66)** as against **six billion, four hundred and fifty six million, two hundred and ninety one thousand, twenty nine naira, ten kobo (₦6,456,291,029.10)** reportedly received for the year (Notes 2 & 3). Granted that Interest Received of **one billion, four hundred and nineteen million, eight hundred and thirty one thousand, two hundred and forty naira, eighteen kobo (₦1,419,831,245.18)** was grouped as cash flow from Investing activities, the figures still could not add up considering that part of Interest Received of **one hundred and seventy seven million, one hundred and twenty five thousand, five hundred and seventy naira, fifty kobo (₦177,125,570.50)** was still a receivable as at 31<sup>st</sup> December, 2017.

I expected that whatever the explanations are should have been properly made through the explanatory notes to the Statement.

## **5.2 STATEMENT OF CHANGES IN EQUITY/NET ASSETS**

I had noted in paragraph 2.11 in the report that the statement of Financial Performance needs to be adjusted to show a more accurate surplus for the year

The required adjustments will lead to adjustments to the statement of changes in Equity/Net Assets.

## **CHAPTER SIX**

### **6.1 CERTIFICATION OF RETIREMENT BENEFITS (PENSIONS AND GRATUITIES)**

In accordance with Pension Act, a total of 348 files of retiring/death benefits of public servants, including recalculation cases, were scrutinized and certified by my office during the year under review.

In the course of audit examination of the files, Audit observed that over payment of *twelve million, two hundred and fifty three thousand, seventy five naira eighty nine kobo (₦12,253,075.89)* was made to the staff during the period. These arose as a result of overstepping during promotions, receipt of salary after retirement/death and/or out right wrong calculation of the retirement/death benefits as the case may be.

The overpayment is to be recovered en-block from their respective gratuities as indicated in Audit certified Pension Form.

### **6.2 STATE OF BOOK KEEPING**

The maintenance of Ledger Accounts in some MDAs and proper Cashbook entries had remained abysmal. Bank transactions were not usually posted in the Cashbooks in line with basic accounting principles. Bank reconciliation was rarely done.

### **6.4 GENERAL RECOMMENDATIONS**

Consequent upon all the audit issues discovered as well as issues that require further investigation, the following recommendations have been made.

#### **6.3.1 Salary to retirees**

- The review and process of salary payments should commence on or before 5<sup>th</sup> of every month.
- The review processes shall entail validating nominal roll, variation advice and variation orders.

The communication gap between the Administration Department and Finance and Accounts Department should be identified and ratified. This is to stop cases of payment of monthly salaries to a retired/deceased officer.

There is a need for the Administration/Accounting Departments in the various MDAs to train officers on the established guidelines for the placement of promoted officers. This is to avoid overpayments which arose from such anomalies. The need for a refresher course is necessary all the officers involved in this issue. Sanctions shall be established against public offices that failed in their responsibilities to report accordingly on pay rolls and salary.

### **6.3.2 Classification of Expenses**

Consistency should be observed in items classification and to appropriate Heads/Sub-Heads.

Let any inappropriate accounting treatment be adjusted accordingly and not to be rectified by disclosing such in the Accounting Policies used.

Let the Comparative Figures be disclosed.

Every expense should be tied to a responsibility centre

### **6.3.3 Vote Books and other relevant Book of Account.**

Knowledge gaps should be identified and all public officers responsible for keeping, recording and preparation of vote books and other books of accounts should be trained appropriately.

Punitive measures and Sanction Code should be institutionalized against offender(s) who failed to carry out their duties in preparation of vote books.

There should be regular internal checks on the data being recorded in the vote book from time to time.

### **6.3.4 Internal Control**

Chapter 20, Regulation 2001 section (1) of Financial Regulation (FR 2006) says *“Internal Audit is a managerial control which functions by measuring and evaluating the effectiveness of Internal Control system in an organization”*.

Regulation 2006 Section (i) says *“The Internal Auditor shall produce, monthly, quarterly and half yearly report to the Accounting Officer on the progress of the audit with copies to the Accountant-General and the Auditor-General”*,

Section (ii) says *“the content of the report shall disclose to what degree his is satisfied with the safeguards against fraud, the controls of the receipts and payments, issues and consumption of stores, verification of cash and stamps held and the accuracy of the accounting records. The report shall also include his observations on the economy of operation, efficiency, and effectiveness of other*

*areas of activities and function of the Ministry/Extra-Ministerial Office and other Arms of Government”.*

Section (iii) says “*He shall issue special reports, when in his opinion, the attention of the Accounting Officer and that of Director of Finance and Accounts of the Ministry shall be drawn to any irregularity in the accounting procedure. He shall also draw attention to the reports of the Auditor or internal Audit reports earlier issued by him. Copies of these special reports shall be forwarded to the Accountant-General and the Auditor-General*”. The Internal Control System in some MDAs was weak and prone to abuse.

In view of the foregoing; a competent Internal Audit and strong internal control system should be deployed to MDAs to ensure:

- a) Approval and authorization of all expenditures as well as contracts,
- b) Budgetary Control
- c) Integrity and Accuracy of all accounting records,,
- d) Physical control of all assets and stores,
- e) Segregation of duties, and
- f) Proper record keeping.
- g) Disaggregating Revenue into Subheads

## **ACKNOWLEDGEMENT**

My first appreciation goes to God Almighty by whose grace the production and publication of this 2017 edition of the Auditor-General Annual Report on the State activities was made possible.

Then to the Executive Governor, **Engr. (Chief) David Nweze Umahi FNATE, FNSE (Akubaraoha)** for mobilizing us through timely provision of funding and other necessary logistics.

The unquantifiable efforts of my staff especially the management cadre and my Secretary, Plant attendant cannot pass without mentioning as they worked tirelessly even at odd hours and including weekends, just to ensure that our target is met.

Finally, my special thanks are extended to those Offices that partnered with us in various ways and without whose inputs, the production of this Annual Report would have been a mere dream. They are the officers of the Hon. Commissioner for Finance and Economic Development, the Accountant-General, Head of Accounts Production and the State Budget Office.



**Sir I. N. Nweda** *FCNA, FCAI, KSJI, JP*  
Office of the State Auditor-General,  
Abakaliki.

2<sup>nd</sup> October, 2018.